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South African Economic Issues

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South African Economic Issues

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Economic Growth Reportedly Reaches 10-Year High

MB1005144295 Johannesburg THE STAR in English 10 May 95 p 17

[Report by Derek Tommey]

[FBIS Transcribed Text] The South Africa economy is growing faster than at any time in the past 10 years.

Year-on-year growth in manufacturing production rose to over 11% in January-February, the highest in over a decade, said the economics consulting firm Econometrix.

Some of the increased production may reflect a bit of a catch-up situation following the industrial disruption and spate of election related holidays last year. But the principal factor underlying the surge in production is the restoration of inventories to more normal levels after their depletion during the recession.

This reduced the level of inventories to GDP from 30% a decade ago to 16% in late 1993. The upsurge may also reflect an attempt by local manufacturers to try to capture some of the market lost to increased imports owing to the insufficient availability of inventory domestically.

And it may also reflect an upswing in global economic activity which would encourage manufacturers to increase production for export.

Whatever the reason, it is most encouraging to witness the extent to which confidence has been returning to the South African economy," [no begin quotation mark as published] says Econometrix.

Sigcau: Economic Restructuring Needed

MB0805192095 Johannesburg SAPA in English 1855 GMT 8 May 95

[Report by Gordon Bell]

[FBIS Transcribed Text] Johannesburg May 8 SAPA — At least forty per cent of the economy should be owned by the historically disadvantaged sector of the population by the year 2000, Public Enterprises Minister Stella Sigcau said on Monday [8 May].

Speaking at the Black Business Summit in Johannesburg, she said South Africa should follow Malaysia's example in restructuring its economy.

Malaysia set a target of 30 per cent ownership of the economy by disadvantaged people and reached that in 1990. Malaysia, at the outset of its change, and South Africa had similar historical social divisions and economic structures.

She believed South Africa should also set aggressive targets to incorporate disadvantaged people into the economy, and suggested in five years disadvantaged people should have a share of at least forty per cent in the economy.

"There is a need to move from minimum control to an economy that encompasses all people," she stressed, saying there was a need for a national economic programme drawing in the whole population.

The restructuring of the economy should result in raising the standard of living, spurring job creation, empowering the disadvantaged as well as enhancing technology and improving the economy's competitiveness.

The restructuring should be done at a national level but had to be felt within all regional sectors.

Ms Sigcau said that black businesses should play a bigger role within industries. Outsourcing was one form of restructuring but it was important that it should be done with complete consultation.

She said this economic restructuring would have to precede privatisation initiatives.

"The key feature of change is to restructure," she said, "and one of the end products will be privatisation."

Ms Sigcau stressed the need for government to be careful in its policy implementation. The restructuring process was not a short cut process and required training and complete consultation with all economic sectors.

No Amendment Said Needed To Cut Provincial Funds

MB0605174795 Johannesburg WEEKEND STAR in English 6-7 May 95 p 1

[Report by political correspondent Esther Waugh]

[FBIS Transcribed Text] Cape Town — It was not necessary to amend the interim constitution in order to prevent funds that provinces received from central Government being used for unconstitutional purposes, according to President Mandela's legal adviser Professor Fink Haysom.

Haysom said yesterday that Parliament had the powers to determine the amount of funds allocated to a province. "In doing so, the constitution requires Parliament to take into account the national interest."

All money to be transferred to the provinces was first approved by Parliament. "Parliament can therefore vote to limit funds, subject to good cause," he said.

Haysom noted that such a move would not be made by Mandela in his capacity as president, but rather as the leader of the majority party.

In addition to these provisions, the interim constitution conferred powers on the president to declare a state of emergency, in which case draconian measures, including the suspension of funds, would be possible.

Haysom said line function financial controls also existed which allowed for the control of funds being disbursed for their properly authorised purposes. These controls could not be used to compel political obedience, but could be employed to correct the misappropriation of funds.

"The constitution is essentially about the protection of individual rights and the right to free political activity. Hypothetically, it would not be possible for a party to rely on the constitution to violate these most important pillars of our constitutional pact," he said.

Gauteng Province Unveils Economic Policy Document

MB0905203595 Johannesburg SAPA in English 1807 GMT 9 May 95

[FBIS Transcribed Text] Johannesburg May 9 SAPA — The Gauteng government was committed to creating an economy with an important role for market forces and partial state responsibility for addressing failures in market mechanisms, Finance and Economic Affairs MEC [Member of the Executive Council] Jabu Moleketi said on Tuesday [9 May].

"We cannot leave everything to the market and judge success purely on the basis of profit," he told a press briefing at the launch of Gauteng's economic policy document.

Government's role was to facilitate growth in a manner creating sustainable jobs, meeting basic needs and empowering the historically disadvantaged, while contributing to national goals. It should also promote fiscal responsibility and encourage integration at all levels.

Gauteng's intention was to develop the province as the Hong Kong of Africa — "the conduit of investment, capital, technology and opportunities", Mr Moleketi said. He called for a new ethos of economic patriotism.

Central to Gauteng's economic policy was the creation of a development partnership between government, business, labour and the community. Shared growth was the key to success, Mr Moleketi said.

The provincial government had a responsibility to broaden and de- racialise economic ownership, encourage competition, create jobs and develop skills, the policy document said.

Spreading of the economy would be encouraged by identifying strategic beneficiation opportunities, encouraging more diverse manufacturing where Gauteng has a competitive advantage, developing intermediate technologies and advancing the tourism sector.

Gauteng's policy planners want a larger role for small, medium and micro-enterprises (SMMEs), seen as a means to spread ownership of the economy, create jobs, and foster growth, investment and development.

Support for SMMEs would be integrated into economic strategy, in tandem with larger businesses. A provincial directorate to support SMMEs would be established by mid-1995, with consideration to be given to a small business council.

Strategies will be investigated for economically viable and non- punitive deconcentration of markets and downsizing of production, without which SMME development opportunities are limited, the document says.

In order to aggressively market Gauteng and take advantage of the rapid regionalisation of international economies, a Gauteng promotion agency is to be set up by October this year as a partnership between government and the private sector.

It will market and facilitate trade with and investment in the province, identify opportunities, help local companies find international markets and service potential investors and traders.

The agency's strategy would include marketing Gauteng as gateway to South Africa and Africa, with its sophisticated financial and transport infrastructure, concentration of economic activity, labour resources and growing domestic market.

Regionalisation more directly involves people in development and allows quicker response to economic changes, allowing regions to compete directly with other regions and find strategies suited to local conditions, the document says. However, this should not detract from a national economic identity.

A Gauteng tourism agency will be established by December to rationalise and restructure provincial tourism structures. It will be responsible for developing policy, marketing, training, developing tourism and identifying tourism opportunities for small businesses.

A limited number of tightly-controlled gambling licences will be used to encourage tourism development, with gambling legislation due in mid-1995. Gauteng

hopes to keep visitors longer by developing theme parks, convention centres, sporting and cultural events.

In a bid to reduce the economic isolation of former black townships, infrastructure should be developed to link townships to commercial and industrial areas.

Strategies are being considered to develop vacant mining land separating townships from Gauteng's cities, the document says.

Township economies had to be built by developing small, medium and micro-enterprises, locating major job opportunities in townships and linking them to areas with a concentration of successful economic activity.

Provision of infrastructure would foster an economic base in townships, make land markets function better and improve residents' access to economic opportunities.

Eastern Cape Tables R12.4 Billion Budget

MB0805195095 Johannesburg SAPA in English 1927 GMT 8 May 95

[FBIS Transcribed Text] Bisho May 8 SAPA — The government had agreed to give the Eastern Cape an advance on its 1996 budget allocation to "temporarily wipe out" an unsecured R600 million [rands] bank overdraft by the former homeland Transkei, MEC [Member of the Executive Council] for Finance Prof Shepherd Mayatula said in his budget speech on Monday [8 May]. The budget was tabled in the legislature in Bisho.

However, the province would still be liable for R56 million a month in interest payments on the homeland's R9.9 billion debt, Prof Mayatula said.

The "previously neglected" areas of education, health and welfare would benefit most from the R12.4 billion provincial budget, he added.

The allocation for education is the biggest, at R4.5 billion, followed by R4.47 billion for health and welfare. Finance and provincial expenditure receive R1.2 billion, including R869.3 million for interest on loans and R63.7 million for capital redemption.

Prof Mayatula said his budget was the first step away from a "consumption-orientated" budget to a more developmental one.

"In promoting a developmental budget it is of critical importance that the provincial government should explore alternative sources of revenue."

Although the R4.5 billion for education was R2 billion more than the previous allocation, Prof Mayatula said, this was not an accurate reflection as it did not take into account amounts allocated to the region by the former House of Delegates and House of Representatives and the Department of Education for 1994/95.

"When these amounts are brought into account we do not anticipate (this year's allocation) to reflect any real increase."

Prof Mayatula said R1.97 billion would go toward health care. Vast areas lacked clinics or the most rudimentary health services.

Although R2.5 billion had been earmarked for welfare, the province was worried that insufficient central government funds would leave it unable to meet its obligations, unless remedial steps were taken.

Prof Mayatula said about [amount indistinct] million of R787 million allocated for public works would be spent on building and maintaining roads.

Of R195.1 million allocated to transport, R80.2 million would be spent on subsidising bus transport on routes not commercially viable.

More than R310 million would be spent on housing and maintaining local authorities, in recognition that housing and local government stood at a "critical juncture".

Prof Mayatula said R498.3 million was budgeted for agriculture and environmental planning, "a fruitful area to exploit to the benefit of the disadvantaged and unemployed".

The allocation for the Office of the Premier increased the most, by 96 per cent to R178.3 million. The allocation will also finance the Office of the Provincial Director-General.

The Department of Economic Affairs would receive R50.1 million, Prof Mayatula said.

"While the amount to be voted for economic affairs is small in both absolute terms and as a percentage of the total budget, expenditures funded out of this vote are critical to setting an economic climate within which increasing private sector investment can be generated.

"If the government were to do nothing else but to address unemployment in the province, a giant step will have been taken in addressing the real needs of our citizens."

Business, Labor Surveyed on Economic Issues

MB0505190195 Johannesburg WEEKLY MAIL & GUARDIAN (BUSINESS MAIL Supplement) in English 5-11 May 95 p B1-2

[Report by Reg Rumney]

[FBIS Transcribed Excerpt] Despite important and expected differences, business and labour are like a nest

of singing birds on key issues, a survey of both groups shows. Ninety percent of those polled believe "the country is heading in the right direction".

The survey was done by the Community Agency for Social Enquiry (CASE) for the WEEKLY MAIL & GUARDIAN, the South African Chamber of Business (SACOB), and the South African Broadcasting Corporation.

The most fervent hope of both business and labour is for national prosperity where democracy, peace and a high standard of living reach the entire population. The similarity in outlook is most obvious when looking at the "broader picture".

Take crime and violence. Thirty-nine percent of business respondents believe the top priority for the government is combating crime and general instability: unions feel the highest priority should be creating a common vision and instilling trust in the Government of National Unity (GNU). And while unions give greater priority than business to jobs for all, both union and business leaders fear the escalation of violence and racial conflict as a great threat to South Africa's positive development.

"Despite their differences of opinion on the question of violence and personal safety, unions' greatest fears were much the same as business': that violence, crime and political instability would escalate (37 percent) and that the GNU and all its ideals would disintegrate (20 percent).

"Unionists' most fervent hopes were again the same as business'. A hope for national prosperity for all (44 percent) was followed by a hope for South Africa to become a thriving modern economy able to compete internationally (11 percent). That South Africa becomes a 'number one example', and,'the strongest state in Africa', were sentiments frequently encountered," says CASE.

Both labour and business think the economic upturn is sustainable.

Both are in favour of a quota of contracts being given to small businesses and would like to see the government giving small businesses financial support and incentives.

Business and labour agree on certain fundamental issues, such as affirmative action being seen as firmly entrenched for all disadvantaged groups — though black business people and unionists are more sceptical about its effects than whites.

Both groups agree that the Reconstruction and Development Programme must be realised through responsible government, and in this way increase local confidence, investment and economic growth.

Both groups strongly support an increased focus on small business and ways to help initiate it as a powerful force in creating employment

Negotiation is seen to be an important element in the workplace despite some union reservation about workplace forums undermining their own power.

Unions and businesses are aware of the importance of educating their respective members about the upcoming local elections. Most unions (71 percent), like businesses (71 percent), have implemented some kind of voter registration programme for the local elections. Most union respondents (87 percent) have already registered themselves, as have business leaders (77 percent).

"President Mandela is clearly seen as a unique individual whose leadership qualities, statesmanship and integrity set a lead in the reconciliation of all South Africans. He is a unifying force that cuts across race, gender and class," notes CASE.

Business and labour similarly see the National Economic, Development and Labour Council (Nedlac) as an effective negotiating forum for all sectors. But 25 percent of unionists and 30 percent of business people polled are "unsure", indicating the need for evidence of Nedlac's efficacy.

Unionists endorse the idea that corruption in all sectors is on the increase (51 percent). Fifty-three percent of business respondents thought so too. Women unionists felt that the increase was only owing to the fact that corruption was now brought out in the open for everyone to see.

Union respondents were, predictably, more concerned about matters of redistribution and equity, such as the effect on the poor of higher VAT [value-added tax].

Union and business leaders are dramatically opposed on the issue of redistribution. Where 58 percent of business people believe the government has done enough on redistribution, 56 percent of unionists are not satisfied with the government's efforts. Unlike business respondents, 75 percent of whom think scrapping exchange control is a good idea, most unionists are opposed to the idea (56 percent against). Women unionists are especially opposed at 86 percent. And where business overwhelmingly supports the privatisation of state corporations, almost half of the unionists polled oppose this.

Another key difference was the attitude to management salaries. Sixty-nine percent of business respondents naturally believe management salary increases should not be held back to reduce pay differentials, 67 percent of unionists, not unexpectedly, think they should be.

"Conversely, where half of business leaders felt unions should hold back wage demands to allow increase employment, 87 percent of union leaders disagreed," said CASE.

There was a 60 percent overall union vote for workplace forums, as opposed to 75 percent in the business sector.

This survey, on a wide range of issues, was conducted in April this year by Mark Orkin of Case, and Ann Kushlick, with the help of Samantha Smirini, Poppy Makalima and Sello Molefe. It is a follow-up to a similar survey done 16 months ago which canvassed the views of 100 top business people. An important finding of the previous survey was white businessmen's fear of the more powerful role unions would play in economic affairs. So this time around top unionists were also asked to articulate their assessment of political, social and economic change in South Africa.

The business sample covered 100 top sectors of business countrywide, including all the major conglomerates. It comprised 23 black, one coloured, three Indian, and 73 white business people. Eighty-six were men and 14 were women. The union sample included 55 unionists, all national or regional office bearers, approximately in proportion to the sizes of the six major union federations. The sample included 44 black, two coloured, one Indian and eight white unionists. Forty-eight were men and seven were women.

Business 'Positive' on First Budget

MB0505190295 Johannesburg WEEKLY MAIL & GUARDIAN (BUSINESS MAIL Supplement) in English 5-11 May 95 p B2

[Report by Reg Rumney]

[FBIS Transcribed Text] Business response to the first Budget of the Government of National Unity [GNU] was overwhelmingly positive.

A survey of 100 of South Africa's top business people, undertaken by the Community Agency for Social Enquiry (CASE) just after the Budget of the GNU, shows almost three quarters of the business people polled viewed the Budget positively.

White business people were the most positive (78 percent) of those polled. According to CASE, many white business people (63 percent) thought Finance Minister Chris Liebenberg's Budget indicated "responsible and fiscally disciplined government" which valued "fairness and equality".

Fewer black business people (57 percent) were as positive, more of them were unsure of its effectiveness. Only 23 percent of black business people mentioned a responsible and fair government as the basis of their positive assessment. "They tended," say the CASE researchers, "to opt rather for the explanation that the government was now properly focusing on social spending, and addressing the needs and grievances of the poor and unemployed."

Seventy-eight percent of the overall business sample — and 93 percent of business women — thought enough had been done to reduce the Budget deficit. This figure — the difference between budgeted government spending and tax revenue, which has to be borrowed — is a symbol of fiscal responsibility.

Those who did not agree that enough had been done thought that cutting the public service as well as the defence budget would have helped to reduce the deficit.

A low six percent of all business people consider too high taxation a negative, though more black business people came to this conclusion (14 percent) than whites (six percent). Similarly a low percentage consider personal tax too high, perhaps indicating relief that no super-tax or wealth tax was introduced.

White and black business people differed strikingly on whether the emphasis in tax policy should shift from direct tax, chiefly personal income tax and company tax, to indirect tax, chiefly Value Added Tax. Sixty-six percent of white respondents favoured more indirect tax, as opposed to only 17 percent of black respondents.

SACOB Questions Sustainability of Economic Upturn

MB0905163695 Johannesburg SAPA in English 1515 GMT 9 May 95

[FBIS Transcribed Text] Johannesburg May 9 SAPA — South Africa's business mood remained positive but the South African Chamber of Business [SACOB] questioned the sustainability of the country's economic upturn.

While the business confidence index (BCI) remained unchanged at 109.2 for April from March, "increasing questions are being asked about the sustainability of the upturn and the political developments in KwaZulu/Natal," Dr Ben van Rensburg, SACOB economic policy director said at a media briefing in Johannesburg on Tuesday [9 May].

The dispute over international mediation appeared to "have a dampening effect on capital flows into the country, whilst rising inflation pressures and an unacceptable high rate on growth in the money supply could prompt a further increase in interest rates," he said.

The balance of payments remained the key element for the economic upturn.

Although easing during the first week of May there had been a sharp decline in foreign exchange reserves during April, evidence of the unease in some business circles, according to Van Rensburg.

"While rising imports are welcome evidence of a higher growth rate, the deficit on the current account will have to be financed."

Pressure on the current account was expected to rise in the months ahead, because of the crisis developing in the gold mining industry — the rand price of gold had declined by six per cent in real terms since April 1994 — and the growing demand for imports, said Van Rensburg.

On the capital account, net inflows continued to be critical for sustaining the upturn over the medium to longer term.

According to Van Rensburg, money supply growth expanded by 12.5 per cent during March, higher than the nine per cent limit set by the Reserve Bank. On the basis of an increase in real GDP of three per cent, an inflation rate of ten per cent could be expected, he said. The increases in the price of petrol and maize, though, would put upward pressure on the inflation rate in coming months.

SACOB believed that the economic recovery was not yet under threat, but that the managing of the economy to ensure sustainable growth was the critical challenge facing policy-makers.

Businessmen Submit Proposals to Assembly

MB0905144395 Johannesburg THE STAR in English 9 May 95 p 3

[Report by Mondli Makhanya]

[FBIS Transcribed Text] The business community has stopped short of alleging for full-blown federalism for South Africa, according to proposals presented to the Constitutional Assembly yesterday.

Titled "A Democratic Society Committed to Shared Growth," the proposals were a joint approach by Business South Africa (BSA) and the National African Federated Chamber of Commerce (NAFCOC). They were presented to the assembly by BSA's Bobby Godsell and NAFCOC's Joe Hlongwane and Mashudu Ramano.

Although hinting at devolved power, the proposals stop short of mentioning federalism by name. They say the constitution must clearly define "the roles, competencies, prerogatives and functions that are best and effectively handled at the different levels of government".

The business community wants the 34 principles enshrined in the present constitution to remain as they are.

The business community has listed 12 "guiding principles", including a recommendation that the constitution be written in "plain and inspiring language", and that a clear distinction be made between issues that belong in the constitution and those that should be left for the legislature.

It also says that the accountability of the Government should be enshrined and that "economic and social justice" should be the objectives of the constitution.

On the economic front, the proposals advocate open market economy which is protected against monopolies and collusion. Property rights should also be guaranteed in the constitution.

Business also wants civil society to be protected in the Bill of Rights and for the constitution to oblige the Government to consult with civil society.

In order to ensure that the State does not become "enslaved to foreign and domestic debt", fiscal policy should be coordinated at the central government level, and the Reserve Bank's independence should be safeguarded by the constitution.

Unions 'Satisfied' About Budget Deficit Measures

MB0505192695 Johannesburg WEEKLY MAIL & GUARDIAN (BUSINESS MAIL Supplement) in English 5-11 May 95 p B2

[Report by Reg Rumney]

[FBIS Transcribed Text] Labour leaders seem satisfied about the Budget deficit, the figure symbolic of "fiscal discipline," according to a survey by the Community Agency for Social Enquiry of fifty-five union leaders.

This could signal that government leaders, principally Deputy Finance Minister Alec Erwin and Reconstruction and Development Programme [RDP] Minister Jay Naidoo, have done a good job of selling the concept to union leaders.

The survey shows that many unionists are satisfied the deficit has been cut enough — and many think it could have been cut further.

Almost half of the union respondents thought more could have been done to cut the deficit, notably through reducing further the amount devoted to defence.

Otherwise, unionists were notably less positive about the Budget than business (47 percent as opposed to 73 percent for business).

Those in favour mentioned similar factors to business, such as responsible government and higher social spending.

Of those against, equal proportions mentioned unaddressed problems, inadequate commitment to the RDP and high defence spending.

Forty percent of unionists were in favour of increased Value Added Tax [VAT]. This was less than the business respondents, 56 percent of whom were in favour — but not as big a difference as one would have supposed, given the vociferous union opposition to the introduction of VAT.

Those against were concerned that it would exacerbate the plight of the destitute. In this they largely agreed with black business people, far fewer of whom thought more emphasis on indirect tax was a good idea than whites.

Minister: Support for Housing Program Growing

MB0905065695 Johannesburg SABC TV 1 Network in Afrikaans 2000 GMT 8 May 95

[FBIS Translated Text] Housing Minister Sankie Nkondo says the housing initiative is ready to gain momentum. She was addressing the National Association of House Builders' conference at Sun City. The theme of this year's conference is bridging the housing shortage. The minister said in her address that the housing industry cannot afford to ignore the government's indication that the housing program is about to move ahead more rapidly. She also called on the industry to support the house builders' guarantee plan.

[Begin Nkondo recording in English] We're saying the construction industry must be prepared to stand by its work, and that in doing so it will contribute to its own growth, because people will become less hesitant before committing to what, for most, is the biggest investment of their lives. [end recording]

But according to association President Victor Booth, the guarantee plan in its present form does not provide any protection to consumers against building flaws.

[Begin Booth recording in English] The problems are that the consumer does not have any real protection. He's got the word of the builder only, and if the consumer is prepared to enter into a contract with the builder, even though he may be temporarily registered with the council, then he does that at his own risk. [end recording]

Banks, State To Invest 40,000 Million Rands

MB1005083795 Johannesburg SAfm Radio Network in English 0500 GMT 10 May 95

[FBIS Transcribed Text] The state and the banking sector in South Africa are ready to invest about 40,000 million rands in housing for the lower income groups over the next five years.

This was announced at a housing conference at Sun City by the government's housing adviser, Mr. Johan de Ridder. He said if the variety of state subsidies now being introduced were to be linked to private sector funding, up to 400,000 mortgage bonds for the poor could be delivered by the year 2000. Mr. de Ridder said the creation of a national housing finance corporation to mobilize funds into the subsidized housing market was being finalized. He said the house building sector had made progress in setting up a defect warranty scheme, and that the first phase of an interim scheme would begin on the 5th of next month. He said a standard warranty agreement between a building contractor and a home buyer would then become a prerequisite to obtain bank finance.

The lack of a defect warranty was still one of the major reasons why banks were not prepared to finance low cost housing.

Gold, Foreign Reserves Drop Reported

MB0805170795 Johannesburg SAPA in English 1612 GMT 8 May 95

[FBIS Transcribed Text] Johannesburg May 8 SAPA — South Africa's monthly gold and foreign reserves fell by almost R2-billion [rands] in April to R10.154-billion from R12.031-billion in March, figures released Monday [8 May] by the Reserve Bank show.

Foreign assets shed R2.1-billion to R4.489-billion last month compared to R6.581-billion in the previous month.

Gold reserves increased by R215-million to R5.665-billion in April, as the Central Bank's physical gold holdings increased to 4.5-million fine ounces and its value rose by R27.61 per fine ounce to R1,268.73 per fine ounce.

Energy Minister Seeks Slowing of Oil Stock Sales

MB0905180595 Johannesburg SAPA in English 1742 GMT 9 May 95

[FBIS Transcribed Text] National Assembly May 9 SAPA — Energy Minister Mr Pik Botha has asked the

Central Energy Fund to slow down the sale of strategic oil stocks until there is clarity on the effects of the United States' trade ban with Iran.

He told the National Assembly on Tuesday [9 May] that he would also discuss the matter with all stakeholders in the oil industry at the earliest opportunity.

U.S. President Bill Clinton signed an executive order on May 6 banning U.S. companies and certain of their foreign subsidiaries from all trade with Iran.

Mr Botha said South Africa's private sector bought the bulk of its oil from Iran.

The government did not want to prescribe to this private sector, but it was not known what could happen if subsidiaries of American companies were buying oil for South African refineries.

"I understand many of these companies are not so much subsidiaries as independent entities, and will probably not be affected by the executive order. I hope that is the position. But we are not sure whether that will remain the position."

South Africa had to guard against the effects of the vagaries of international political currents on its oil supplies, and particularly on oil prices.

This reinforced the argument that the government, or a parastatal national petroleum authority, should control procurement to ensure security of supply.

New Custom Tariff Protection on Maize

MB1005130495 Johannesburg SAPA in English 2130 GMT 09 May 95

[FBIS Transcribed Text] Cape Town May 9 SAPA — The government has abolished import control on maize from May 1 and replaced it with custom tariff protection in accordance with the General Agreement on Tariffs and Trade (GATT), Trade and Industry Minister Trevor Manuel announced on Tuesday [9 May].

The single channel import regime operated by the Maize Board had been lifted from April 30, and would free any person to import maize provided that the applicable duty was paid. He had accepted the recommendations of the Board on Tariffs and Trade that no customs duty should be levied on maize until further recommendation from the board, he said.

Maize was the staple food of the majority of South Africans, thus it was of utmost importance that the right quality be available at affordable prices at all times. Maize production also formed the backbone of the agricultural sector in the summer rainfall areas, contributing 16 percent to agricultural income.

Minister: Affirmative Action 'Not Going Well'

MB1005084095 Johannesburg SAfm Radio Network in English 0500 GMT 10 Nov 95

[FBIS Transcribed Text] The minister for public service and administration, Dr. Zola Skweyiya, says the process of affirmative action is not going well. Dr. Skweyiya said in Cape Town that the Public Service Commission had issued clear directives on the criteria to be used in filing the 11,000 affirmative action posts. However, many departments had not met the end of March deadline. Dr. Skweyiya said the government, the Public service Commission and the Provincial Service Commission would monitor the progress of appointments by these departments.

Government To Use More Black Consultants

MB0905141295 Johannesburg THE STAR in English 9 May 95 p 16

[Report by Thabo Leshilo]

[FBIS Transcribed Text] The Government's policy on the use of consultants, which still favours the exclusive use of a few white professionals and large, white companies, is to be radically changed, Public Works Minister Jeff Radebe said in Johannesburg yesterday.

Due to the necessity for corrective action, the issue of affirmative action must be addressed when developing new criteria for the appointment of consultants, Radebe told a summit on black business. He said current criteria, which focuses solely on technical competence, need to be changed to link product delivery with nation building.

To this end, the Government would revise its roster of consultants and a phased approach, starting with a six-months pilot scheme, would be adopted to enable blacks to consult to the government.

Cabinet Approves New Forge-Proof Passport

MB0505134895 Johannesburg SOWETAN in English 5 May 95 p 2

[FBIS Transcribed Text] A new passport with forge-proof features has been approved by the Cabinet and will be introduced within months, Home Affairs Minister Chief Mangosuthu Buthelezi said yesterday.

The large number of false South African passports has caused certain countries to accept South African travel documents reluctantly, he said when introducing his budget vote.

Holders of existing passports will be allowed to continue using them for the time being. The new passport is laminated to prevent the holder's photograph from being removed and substituted.

Buthelezi also announced that his department issued more than 4.6 million identity documents last year, compared with 1.8 million in 1992 and 2.4 million in 1993. Of the 4.6 million, 2.9 million were first applications and the rest reissues. This was an "unparalleled accomplishment", and at times more than 30,000 applications a day were processed.

He added that the number of emigrants from South Africa in 1994 has exceeded immigrants for the first time in six years. Immigrants totalled 6,398, and emigrants 10,235 — a net loss of 3,837. The last time a loss was recorded was in 1987. The gain in 1993 was 9,824. Most of the 1994 immigrants and emigrants were professionals, headed to or from Europe.

The Cabinet has agreed that visa exemptions, applying to nationals of countries that have declined to reciprocate, might now be withdrawn.

Buthelezi said the Cabinet has discussed the possibility of switching the electrified border fence between South Africa and Mozambique to "lethal mode" but no decision has yet been taken.

Foreign Aid and Investment

EU Clears Way for 555 Million Rand Aid Package

MB1105131695 Johannesburg THE STAR in English 11 May 95 p 18

[Report by John Fraser]

[FBIS Transcribed Text] Brussels — The EU Commission yesterday agreed on a legal framework for future aid to South Africa [SA]. This clears the way for a deal with the South African Government on this year's R555 million [rands] EU aid package.

The framework will allow Europe to work directly with the SA authorities. This contrasts with the EU's stance during the apartheid era, when it side-stepped the SA government, and gave aid directly to non-governmental organisations (NGO's).

The EU's Commissioner for SA, Joao de Deus Pinheiro, is expected to agree on aid policy with SA ministers during a three-day visit, beginning today.

One important new element of the EU's approach to aid is that it will be focussing on programmes which span more than one year.

Reserve Bank Discloses Swap Deal With Foreign Markets

MB0805115595 Johannesburg THE STAR in English 8 May 95 p 14

[Report by Neil Behrmann]

[FBIS Transcribed Text] London — South African [SA] institutions will soon be allowed to invest limited amounts on foreign stock markets according to proposals under consideration at the Reserve Bank.

Chris Stals Reserve Bank Governor, disclosed this significant development in reply to a question at the South African High Commission in London on Friday [5 May].

Joined by Finance Minister Chris Liebenberg and Minister Without Portfolio Jay Naidoo, he was speaking to 130 delegates at a seminar.

The proposals that are being examined are swaps of share investments between South African institutions and foreign funds. Under a simple swap transaction an institution such as Sanlam [South African National Life Assurance Company] would for example purchase a parcel of General Electric, Coca Cola, DuPont and other United States blue chip shares from a U.S. fund such as Fidelity. In repayment Fidelity would directly buy from Sanlam a stake in leading South African shares such as De Beers, SA Breweries, Liberty Life and others.

The transaction would be neutral for the Johannesburg Stock Exchange as it would take place off the market.

Of course the swap would need sophisticated terms whereby a foreign institution would not dump its South African share holdings unexpectedly, said Stals. Such sales would dent foreign exchange reserves. The swaps would thus require some restrictions, he said.

Although Stals did not mention them, the swaps could have fixed time periods with extension provisions.

The Reserve Bank was studying various swap ideas ahead of the next stages of exchange control relaxation, said Stals.

Portfolios of big South Africa insurance companies total around R400 billion [rands], estimated Stals. He believed that it was reasonable for South African managers to desire diversification abroad and ideally there should be no controls.

Foreigners can invest and disinvest in South African shares freely through the unified rand. They also have the advantage of zero withholding tax on these securities.

Yet several London brokers and bankers expressed dissatisfaction with the present limited exchange control relaxation as it artificially boosted the South African market.

Stals replied that the nation's reserves only covered six weeks' investment. Moreover direct job-creating investment only accounted for a small proportion of the R13-billion of capital inflows in the past year. Thus exchange control Relaxation had to take place on a step by step basis, he said.

"I never agreed with brokers who forecast that money would pour into South Africa after the financial rand was abolished," said Stals.

Tinkering with tax, exchange and financial controls helped, but in the end South Africa needs continued political stability and non- inflation growth to attract investment, he said.

Exchange controls on South African institutions and other residents indirectly discouraged foreign portfolio investment because South African share values were inflated, complained some delegates. Thus, for example, the average price earnings [PE] ratio on South African industrials was 18 and dividend yield 2.5%. These were as pricey as Wall Street, the biggest market in the world. London's average PE was 16 and dividend yield 4.3%. Meanwhile, gold mines were reporting declining profits. On the face of it, South African long bonds should be attractive on yields of 16.8%. But after deducting inflation of around 10% the real return was only 6.8%.

Moreover the rand's track record was poor. So it was risky for foreigners to switch out of strong currencies and buy rand bonds or non-performing equities.

Mbeki on Aid Visits to France, Australia, Malaysia

MB0905151495 Johannesburg SAfm Radio Network in English 1400 GMT 9 May 95

[FBIS Transcribed Text] Deputy President Thabo Mbeki says foreign countries have shown their commitment to help South Africa maintain its economic stability.

Speaking in Pretoria after his visit to France, Mr. Mbeki said it was clear that the world counted on this country to make substantial contributions to international matters.

Recounting his visit to Australia, New Zealand, and Malaysia earlier this month, the deputy president said that both the Malaysian and Australian governments were willing to make funds available for housing in South Africa. Mr. Mbeki said there was a possibility that a free-trade agreement could be reached between Australia, New Zealand, and South Africa.

Amalgamated Banks Acquires German Bank

MB1105175595 Johannesburg SAPA in English 1737 GMT 11 May 95

[FBIS Transcribed Text] Johannesburg May 11 SAPA — ABSA [Amalgamated Banks of South Africa] Bank said on Thursday it had acquired a Hamburg bank, Bankhaus Wolbern & Co, with total assets of DM430-million [German marks].

The transaction would be effective from May 1 on completion of all formalities and would result in ABSA increasing the capital of the bank by a further DM20-million.

Bankhaus Wolbern & Co functions in the niche markets of trade finance to the medium sized corporates and private banking where it has a sizeable portfolio of high net worth individuals.

The German bank's sole partner BFG Bank AG, a member of the Credit Lyonnais Group, is selling its investment to ABSA as part of a process of rationalising its interests for strategic reasons.

ABSA's representative office, currently located in Frankfurt, would now move to Hamburg.

Doug Anderson, managing director of ABSA's Treasury and International Bank Division, said the acquisition would enable ABSA to actively promote increased trade flows between the two countries.

"I also see an opportunity for an increase in capital flows in respect of German residents wishing to invest in South African bonds and gilts," Anderson said.

Western Cape Signs Cooperation Pact With Bavaria

MB1205070895 Johannesburg SAPA in English 0128 GMT 12 May 95

[FBIS Transcribed Text] Cape Town May 11 SAPA — Western Cape Premier Mr Hernus Kriel on Thursday [11 May] signed a cooperation agreement with Bavarian President Dr Edmund Stoiber in Europe, a joint statement issued in Cape Town said.

They agreed to encourage exchanges in trade, science, technology, tourism and culture. The German state agreed to help the Western Cape set up government bodies in line with federalist principles, to help tertiary education and training, and to assist house building. Dr Stoiber accepted an invitation to visit the Western Cape. A date was not set.

E. Transvaal, Swaziland, Mozambique To Form Economic Bloc

MB0505113395 Johannesburg SAPA in English 1031 GMT 05 May 95

[FBIS Transcribed Text] Nelspruit May 5 SAPA — The Eastern Transvaal may soon form an economic bloc with Swaziland and the southern provinces of Mozambique, premier Mathews Phosa said at the opening of the provincial legislature in Nelspruit on Friday [5 May].

"We cannot ignore the fact that our development problems are the same, that our opportunities are similar and that we share infrastructure and rivers," Africa Eye News Service quoted him saying.

"International boundaries are soft in terms of economic development, and institutions should work across borders to get maximum profits. We therefore view the economies of Swaziland, the Eastern Transvaal and the bordering Mozambican provinces as one interdependent economic and social unit."

Mr Phosa announced capital projects for the coming year, among them the building of an international airport near the Kruger National Park and a toll-road between Witbank and Maputo. The road would be partially funded by foreign investors.

Gambling was also identified as a vital development sector. "The gambling issue is an extremely important one and has to be handled with great sensitivity," Mr Phosa said. "A legitimate structure will be instituted which will make transparent decisions on who will get casino licences and where casinos will be situated."

Talks Held With Namibia on Debt Write-Off

MB1105063795 Johannesburg SAPA in English 2152 GMT 10 May 95

[FBIS Transcribed Text] Windhoek May 10 SAPA — Discussions on writing off Namibia's colonial debt of R700 million [rands] to South Africa were continuing, the independent daily newspaper THE NAMIBIAN reported on Wednesday [10 May].

Namibia's Finance Permanent Secretary Godfrey Gaoseb said in Windhoek the Bank of Namibia and the South African Reserve Bank were working out practical arrangements. He could not say how long it would take but added that talks were proceeding smoothly.

South Africa had not insisted on the first payment of ND78.5 million [Namibian dollars] last month, Mr Gaoseb said.

President Nelson Mandela last year said his government had agreed to write off the debt dating back to South Africa's rule of the former South-West Africa.

Finance Minister Chris Liebenberg said earlier this year the debt would not be cancelled until agreement on disputed amounts which South Africa believed was owed to it by Namibia. Namibia was to have paid off the debt and interest totalling R1.33 million in 17 annual instalments.

Industrial Activity

New Avia International Airline Begins Operation

MB0905142395 Johannesburg THE STAR in English 9 May 95 p 3

[FBIS Transcribed Excerpt] South African aviation history was made last night when the maiden flight of the country's newest international carrier, Avia Airlines, took off with a full complement of passengers and crew to London's Gatwick Airport.

The Johannesburg-to-London route, one of the richest and busiest in the world, had been dominated entirely by SAA [South African Airways] and British Airways and their predecessors since 1938. [passage omitted]

Surcharges Implemented To Relieve Port Congestion

MB1205063695 Johannesburg SAPA in English 0258 GMT 12 May 95

[FBIS Transcribed Text] Johannesburg May 11 SAPA — Persistent congestion at South African ports has prompted Commercial Service Lines to implement a port congestion surcharge, according a statement released on Thursday [12 May].

A statement issued by Afris Line, Clipper Shipping Lines/United Arab Shipping Company, Gold Star Line, Ignazio Messina, Maersk SA, Mediterranean Shipping Company, Unicorn CMB T and United Africa Shipping Lines, said a port congestion surcharge of 100 US dollars per 20ft container and 40 US dollars per 40ft container would become effective from June 1.

"For some time severe congestion and slow working at South African ports have caused extensive delays and the introduction of the surcharge will partially assist in offsetting costs incurred by the lines through extended voyage duration and schedule disruption," said the statement. The surcharge was reported to be in line with those to be levied by the major conference lines experiencing similar delays.

Portnet [national shipping line] chief executive Neil Oosthuizen said the congestion problems were attributed to unprecedented growth in container volumes and vessel calls. "When Portnet obtained estimated figures from its clients for the 1994/95 fiscal year, the industry

indicted an average figure of 3.5 per cent. In reality, the growth rate turned out to be 19.6 per cent." "Neither Portnet or the shipping fraternity at large foresaw such growth," Oosthuizen said in a statement released on Thursday.

He said that Portnet already had expansion planning in hand, which would now be accelerated. The sudden surge in container volumes, though, had made the measures taken inadequate. "Portnet has various plans in place to address the present congestion crisis. Hundreds of millions of rands are already being spent, and is still to be spent, on resources and operating costs. Increasing the manning levels are also receiving top priority."

Company Awarded UN Armored Vehicle Contract

MB0605140295 Johannesburg SAPA in English 0950 GMT 06 May 95

[Embargoed by SAPA until 0000 GMT 7 May]

[FBIS Transcribed Text] Johannesburg May 6 SAPA — The South African armaments industry has received a boost through the awarding of a contract by the United Nations to a Gauteng company to supply armoured vehicles for use in peace-keeping operations in war-torn Bosnia.

The R20-million [rands] contract was awarded to TFM Group [expansion unknown] for the supply of 30 Nyala RG-31 anti-landmine armoured personnel carriers in the face of fierce international competition, a company statement said.

TFM is based at Olifantsfontein in the Midrand area. Managing Director Cliff Modlin said the award of the tender was a major breakthrough for the company and the country's armaments industry.

He said he viewed the award as signifying acceptance of the country's leadership position in the design and supply of anti-landmine vehicles and was confident that it meant the start of long-term penetration of the highly-competitive international market.

The company has been involved in the building of strategic vehicles such as the Casspir and the Scout to the South African security forces for 20 years.

COSATU Said To Bid for Unbundled Company

MB1105131395 Johannesburg SOWETAN in English 11 May 95 p 14

[Report by Mzimkulu Malunga]

[FBIS Transcribed Text] The Congress of South African Trade Unions [COSATU] is said to be in the middle of mobilising resources to bid for one of the unbundled companies of Johannesburg Consolidated Investments [JCI].

The two companies that are up for sale are due to be listed on the Johannesburg Stock Exchange on Monday. Sources close to the union suggest it is mobilising its members' pension funds to bid for one of the unbundled firms, particularly the industrial company, the assets of which include shareholdings in South African Breweries.

The entrance of COSATU into the JCI race could make bids more interesting.

It is estimated that there are as many as 30 black groups that are interested in the JCI unbundling deal. At the moment, Anglo, which is selling its 48 percent in JCI, is tightlipped about progress made so far.

Last time Anglo made its unbundling plans unknown, there was speculation that a well known black business person with the backing of powerful Far East financial institutions, such as the Shanghai Bank, was in the running. However, the businessman concerned has so far consistently played down his interest in JCI.

The other groups in the running for the biggest unbundling deal so far include New Africa Investments and the Real Africa group.

Rising Costs Threaten Anglo American's Mines

MB0905205195 Johannesburg SABC TV 1 Network in English 2000 GMT 9 May 95

[FBIS Transcribed Text] Fifty-thousand jobs could be on the line if spiraling costs force the closure of Anglo American's marginal mines. This warning came hours before a meeting between Anglo American Corporation and five unions to discuss wages and productivity.

Production at Anglo American dropped by 8 percent in the first quarter. The company lost 62 million rands in profit. A series of sporadic wildcat strikes and work stoppages contributed to the drop in production, and April holidays have added to the crisis. The company is set to lose 87 million rands.

Now the company is faced with high wage demands. Unions want 25 to 30 percent across-the-board increases. Anglo says should the company's costs rise by even 10 percent, keeping the marginal shafts running could swallow profits which come from the other mines. This will result in mass retrenchments.

[Begin Anglo American spokesman Nap Meyer recording] If we just take the 15 percent wage increase, we will probably lose the bulk of our marginal shafts. Obviously nobody wants that to happen, and we need to

find ways and means to make their demands affordable. [end recording]

The president of the National Union of Mineworkers, James Motlatsi, says his union is committed to productivity.

[Begin Motlatsi recording] We are now presently working 11 shifts a fortnight, and in fact we wanted to work 10 shifts a fortnight. But we believe, like other countries, for instance, like Australia, they are blasting 365 days a year, but that does not mean workers are working more hours, are working more days. [end recording]

Citrus Exports Increase 29 Percent

MB1005180995 Johannesburg SAPA in English 1757 GMT 10 May 95

[FBIS Transcribed Text] Pretoria May 10 SAPA — Through the commitment of the South African citrus industry exports for 1994 increased by 29 per cent to 40-million cartons, export agent Outspan International said on Wednesday [10 May].

Gross turnover increased from R1-billion [rands] to R1.34-billion in the same period. Outspan's managing director John Stanbury said this improvement was due to the commitment of the southern African citrus industry and their businesslike profit-driven approach and the use of cost-effective and productive methods. "For the coming year, Outspan expects to export some 43-million cartons of citrus to 50 countries worldwide. Some 90 per cent of these exports will be sourced from South African growers, with the remainder derived from Swazi, Mozambican and Zimbabwean growers who have elected voluntarily to use Outspan as export agent."

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